

# Health Care Financing



# Research & Demonstration Grants

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HEALTH FINANCING

RESEARCH  
and  
DEMONSTRATION

GRANTS

Current Priority Areas

April 1979

Department of Health, Education and Welfare  
Health Care Financing Administration  
Office of Research, Demonstrations, & Statistics  
Washington, D.C. 20201

HCF 5.9



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## GRANT AUTHORITY and POLICY

The Health Care Financing Administration (HCFA) of the Department of Health, Education and Welfare funds research, development and demonstration activities. \*/ This grants program is administered by the Office of Research, Demonstrations, and Statistics (ORDS).

The purpose of this brochure is to describe the areas of priority activity and the kinds of grants that will be considered. It also lists the criteria for funding new projects and provides other information about the grant application and review process.

A grantee is expected to share in the cost of a project by providing no less than five percent of the total amount of the project. While grants made to State Medicaid agencies under section 1115 of the Social Security Act may cover the entire cost of a demonstration project, it is expected that State Medicaid agencies applying under this section will contribute at least five percent of the amount of the project that could be subject to special Federal project funds.

Other policies concerning grantee responsibilities, our awarding and payment process, and special provisions and assurances are contained in HCFA grant application kits which will be sent upon request. This kit includes:

- Grant application forms and instructions
- Project Grants Policy Handbook (DHEW Publication Number (SRS) 76-04001)
- 45 Code of Federal Regulations, Part 74: "Administration of Grants"

For further information about the content of this program, contact:

Program Support Office  
Office of Research, Demonstrations,  
and Statistics  
Health Care Financing Administration  
Room 5046 Mary E. Switzer Building  
330 C Street, Southwest  
Washington, D.C. 20201

Telephone: (202) 245-0285  
or  
(202) 245-0732

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\*/These are done under the authority of Titles XI, XVIII and XIX of the Social Security Act and Title XV of the Public Health Act (section 1526 (a) and 1533(a) as it relates to 1533 (d)).



## GENERAL AREAS of HCFA GRANT ACTIVITY

The HCFA grant program can provide support for a project which fits within the following general areas:

- Develops or demonstrates new financing mechanisms for health care services;
- Utilizes financing mechanisms to influence the effectiveness or delivery of health care services;
- Develops or demonstrates management or administrative procedures that will benefit HCFA programs;
- Develops knowledge or undertakes analyses of the basic nature and structure of health care costs and factors that affect their rate of increase; or
- Examines the economic and behavioral relationships between the financing of health care services and the total activities of the health care sector of the economy.

Within these general areas, there are ten priority subject areas in which we are currently soliciting grant applications. These are described later in this brochure.

For a potential grant applicant who is not sure whether a project is of sufficient interest to HCFA to warrant development of a grant application we can review a pre-application or concept paper. If such a review is desired, contact ORDS before developing the paper. This is done as a courtesy, and our reviews have been limited severely by the lack of available staff time. We normally prefer to make informal comments.

Our staff cannot assist a possible applicant in the development of the actual application except to point out what information is needed, i.e., the level of detail we expect in the application.

## KINDS of ACTIVITIES SUPPORTED, TYPES of GRANTS and WAIVERS

### Kinds of Activities

Under its research and demonstration grant program, HCFA provides support for the following kinds of activities:

- Research
- Demonstrations (with evaluation component)
- Data generation
- Conferences

While the main focus of the HCFA grants program is on research and demonstration projects, HCFA will also fund the generation of new data useful for the administration of its programs or conferences that benefit HCFA directly.

### Types of Grants

Grants may be solicited or unsolicited. For solicited grants, HCFA has designated ten priority areas in which it wishes to receive applications. These solicited grant applications are reviewed separately and first priority is given to their funding (after the requirements of the continuations are considered).

An application for support in a subject area other than our priority areas will be considered if it fits the "General Areas" described previously. Such applications are classified as unsolicited. Unsolicited applications are encouraged, for they frequently touch on important topics that could not be fully addressed within

the priority areas. They will generally be considered for funding only after decisions are made on the solicited applications. However, HEW grant regulations do permit individual applications to be treated on a special basis.

Grants are awarded for one year at a time; after the initial award, each continuation year requires a new award. An application which is a follow-on in a multi-year project is considered a continuation. Most applications requesting continuation funding are awarded unless there is a problem with the project or there are severe financial restrictions on the agency.

Applications which seek to continue a project for more than the planned period are treated as if they were new projects, i.e., they compete for the available funds along with all other new project applications.

### Waivers

Funds for the delivery of services can be made available through the issuance of waivers of Federal regulations for the Medicare and the Medicaid programs. These waivers may allow elements of service to be delivered and paid for that are normally not a part of these health care programs. Both Federal and state regulations govern the Medicaid program. Therefore, when a project is planned that will require the waiver of Medicaid regulations, the state that is involved must be the grantee. Normally this is done by having the state agency responsible for the Medicaid program submit an application under section 1115 of the Social Security Act. If this project involves both Medicare and Medicaid waivers, then it is likely that two applications may be needed -- one from the

applicant which contains the request for the Medicare waivers and a second from the State agency administering the Medicaid program. Despite this extra work, it is desirable to have such applications, for the involvement of both Medicare and Medicaid beneficiaries in a project makes a better demonstration or experiment. Of course, if the applicant is the State Medicaid agency, then there would be only one application for the whole project.



## CRITERIA for NEW PROJECTS

The Director of the Office of Research, Demonstrations, and Statistics determines which projects will be funded, based on the recommendations of technical review panels and on the comments of other HEW components and outside individuals or organizations. Important overall criteria considered in arriving at the award decision include:

- Whether the project addresses an area of declared interest, and the relevance of the anticipated results to HCFA programs or general issues with which HCFA is concerned.
- The adequacy and creativity of the research or demonstration design, the validity and appropriateness of the methodologies and data base(s) proposed, and the experience and competence of the researchers.
- Whether the knowledge base, project design or methodology is such that the project can be carried out within the time specified.
- Whether the proposed project methodology is rigorous and consistent with what is generally agreed to be the state of the art.
- Whether the overall budget, personnel resources, facilities and equipment are appropriate for the project and to the concerns of HCFA for that issue.
- If a demonstration project is proposed, whether it shows a commitment of the parties necessary to the success of the planned project.



In addition to meeting these overall criteria, the grant application document should meet the following requirements:

- Clearly state project goals and objectives, which must be measurable.
- Explicitly describe the research design, including questions to be addressed, methodology and data base(s) to be used. The methodology must be well-defined and scientifically valid.
- Clearly discuss the demonstration design objectives and analytical and evaluation methodologies if appropriate.
- Discuss the relevance of the project or the findings the project might produce to the programs HCFA administers or the policy concerns we have, now or in the near future.
- Clearly set out the tasks that are to be undertaken and the milestones that are to be met throughout the project.
- Specify the data that are to be used and their availability. If data are to be collected, the application should describe the nature of the data that will be sought, the sample design (and size if known), the controls that will be used and the problems that might be encountered. The applicant should remember that data collected under one of our grants must be available to anyone the Project Officer designates at any time and only to those individuals or organizations designated by the Project Officer. The applicant must also take great care to assure the confidentiality of data and of the individuals to whom the data



relate if the data allow the identification of individual persons.

- Fully set out the qualifications and experience of the individuals who will work on the project and show how their capabilities relate to the specific project proposed. Also, the application must show how the project personnel are to be organized, who they report to, and how they will go about getting the job done. Of special interest are the lines of authority and the segments of the project for which individual personnel are responsible.
- Show that adequate facilities are available and that adequate equipment is available or can be obtained to conduct the project (if appropriate).
- Have a budget which lists the amount of funding requested for each element of work, e.g., personnel, travel, supplies, other direct costs. Applicants should also keep in mind that the overall amounts requested must be reasonable considering the anticipated results that will be obtained. Applicants are expected to directly share in all the costs of the projects; a minimum of five percent of the segment of the project for which Federal funds are requested is expected to be borne by the applicant and this is to be applied across all the elements of the budget. Funds are not available in this grant program for construction or remodeling. Also, funds cannot be granted for activities that take place before the applicant received the official notification of HCFA approval of the project.

- When the project is a demonstration or experiment, the application must contain an evaluation component. This part of the application must describe the data collection and analysis procedures that will indicate the degree to which the objectives of the project were met. However, applicants must know that we may choose to fund this evaluation component separately with an independent third party. For this reason, the evaluation component should be budgeted separately so it can easily be removed if we wish to do it apart from the main project.
- The plans for the utilization of the project results should be discussed along with the reports, etc., that will be given to HCFA during the course of the project. A schedule of these reports should be included in the application so that the Project Officer will know when to expect them.
- Show the willingness of the applicant to comply with the human subjects regulations. (If you have never dealt with this matter, you are urged to get in contact with HCFA.)\*/

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\*/ This is done formally by the inclusion of a fully completed form HEW-596(rev. 1975), "Protection of Human Subjects" (45 CFR Part 46).

## SECTION 1115 PROJECTS

Section 1115 of the Social Security Act makes special provisions for grants to the single State agencies that administer the Medicaid program. There is a separate application kit for these projects and there are special requirements for the development of the budget documents. This portion of the Social Security Act allows for the waiver of elements of a state's plan (which must be submitted for the conduct of that state's Medicaid program), allows for the payment for elements of service, etc., that would otherwise not be allowed under the Medicaid program and permits HCFA to pay for portions of the project that would otherwise have to be borne by the state under the Medicaid program. This section of the law is designed to permit significant demonstration projects that will further the general objectives of the Medicaid program. When such a project is considered, the applicant is urged to contact ORDS to discuss the proper completion of the application.

To assure that all HCFA decisions on waivers in 1115 projects reflect the HFCA needs and priorities, and so that we can properly analyze the results of such projects, section 1115 applications are reviewed as are applications requesting money grants (even if they seek only waivers of regulations, i.e., which do not ask for special Federal project funds). The closing review and award dates established for our grant applications will be used as well for section 1115 projects (including waiver-only projects) unless otherwise stated in a FEDERAL REGISTER Notice.

All requirements of the Social Security Act, the Code of Federal Regulations and other issuances

that pertain to the Medicaid program are applicable to a project approved under section 1115 unless they are specifically waived as a part of the project.

## FORMS for GRANT APPLICATIONS

Application kits are available from:

Project Grants Branch  
Health Care Financing Administration  
Room 4200-C Mary E. Switzer Building  
330 C Street, Southwest  
Washington, D.C. 20201

Telephone: (202) 245-0671

The application should include, in the project title, the solicited area to which the applicant is responding. This solicited area designation should also be clearly marked on the outside of the package/envelope. If the application is not in response to one of the priority areas, the project title should include the phrase, "...an UNSOLICITED grant application" and the package/envelope should indicate the same.



## CLOSING TIMES for APPLICATIONS

Generally, there are two closings per fiscal year for grant applications -- 3:00 PM on the first working Mondays in October and April. These days are the first working day and the midpoint of the Federal fiscal year. However, these dates do vary. Applicants should check the specific closing dates and times which are announced in the FEDERAL REGISTER.

Applications received after the closing dates will be considered late unless they were sent by EXPRESS, REGISTERED or CERTIFIED mail five (5) working days in advance of the specified dates. The postmark on the package will establish the date the application was mailed. A late application will be held over until the next closing date unless the applicant notifies the Project Grants Branch that it is being withdrawn.





## REVIEW of GRANT APPLICATIONS

The review process consists of two phases. During the first phase, applications not relevant to the interest of HCFA will be screened out and the applicant notified. The remaining applications will move to the review phase. This is done by a panel of not less than three experts who are not ORDS staff members.

Generally, there is one panel for each of the priority areas. These review panels are composed of approximately:

- one-third Federal experts in the subject area or an aspect of it;
- one-third non-Federal experts on the topic; and,
- one-third HCFA employees other than ORDS staff who are familiar with the specific matter under consideration.

In forming review panels, care is taken to see that a clear majority (approximately two-thirds) is composed of individuals from outside of HCFA. We feel that the predominance of such outsiders is useful in assuring that a full range of possible views is obtained.

Because the subjects of HCFA grants are closely related to our programs, it is not realistic to structure review panels which exclude employees who work within the program or who are familiar with the subject under consideration. Therefore, we will reserve approximately one-third of review panel membership for HCFA employees other than ORDS staff who are closest to the particular program, subject or project under consideration.

The chairperson of these panels will generally be the ORDS employee who will be assigned as the Project Officer on the awarded grant. However, the chairperson will not vote because of the requirements of the HEW Grants Administration Manual. These panels deliver a report and recommendations to the Director of the Office of Research, Demonstrations, and Statistics. The final decision is transmitted in a letter to the applicant and this includes a full statement of the logic behind the decision.

Applicants should be aware that this formal review and decision process can take up to five months. The steps in the process and the time for each step are as follows:

- Log in, panel review  
and report development ..... 8 - 12 weeks
- Review by other components  
interested in the subject ..... 2 - 6 weeks
- Grant Award Decisions ..... 1 week
- Notification of applicants ..... 1 week

The application kit contains a card that is returned with the project number as soon as the application is logged in. If at any time you wish to check on the progress of your application, you may contact the Project Grants Branch or the Program Support Office. The addresses and telephone numbers for these offices are given earlier in this brochure).

## BENEFICIARY AWARENESS and UNDERSTANDING of HEALTH SERVICES

Funds are available for projects that analyze the degree to which Medicare and Medicaid beneficiaries understand the health care system in their community -- how efficiently the system's resources are used and how satisfactory the experiences and outcomes are for the beneficiary. For example, long waits and costly care in emergency rooms will be reduced if patients needing primary or specialized nonemergency care are informed about where this type of care can be obtained.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- Programs which increase beneficiaries' awareness about where and how to obtain appropriate medical care.
- The examination of how beneficiaries' knowledge about treatment alternatives can reduce inappropriate care and the overall use of health care services.
- Studies of how beneficiaries' awareness of the benefits and costs of certain procedures and therapies (i.e., laboratory, X-ray services, drugs, etc.) impact on utilization of these services.



## BENEFICIARY IMPACT and RELATED ACTIVITIES

Funds are available for projects that examine the impact of the Medicare and Medicaid Programs on their beneficiaries. These programs might be more efficiently operated if HCFA had information on health care expenditures and use patterns.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- Analyses of patterns and trends in health services use to determine if services are provided efficiently and economically. Of special interest are studies which identify the extent to which unnecessary, ineffective or costly services are used as well as studies which analyze where Medicaid patients receive care.
- Assessing the use and costs of program benefits as well as the use of uncovered services.
- Determining the effectiveness of HCFA programs in removing barriers that prevent patient access to health care services.
- Determining the impact of cost-sharing on Medicare and Medicaid patients and whether cost-sharing deters needed services or otherwise influences the kinds of services and settings where they are provided.
- Developing information on the patient's use of ambulatory services.
- The design and development of a Medicaid statistical system for reporting, research and program evaluation.

- Determining the impact of the skilled nursing facility (SNF) benefits, the End-Stage Renal Disease (ESRD) Program and the impact of HCFA programs for the disabled.
- Analyses of costs, personnel, types of services and educational programs that could promote the health of low-income elderly patients.
- Discovering how well the public understands the Medicare and Medicaid programs and the identification of ways to improve the knowledge of these programs.



## FRAUD and ABUSE

Funds are available for projects which show new or improved techniques for the detection of fraud and abuse in the provision of federally funded health care services. The number of tax dollars misused by the fraudulent or inappropriate practices is unknown but is believed to be a serious problem.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- Examination of existing data systems to highlight areas for further investigation of fraud. This includes innovative state methods to detect fraud and abuse in hospitals as well as long-term care facilities.
- Assessment of fiscal intermediary data processing systems for potential linking of professional and institutional claims to reveal abuse or fraudulent activities.
- Examination of current Medicare and Medicaid procedures to determine their applicability or adaptability in detection of fraud or abuse.
- Examination of charges under the "if medically necessary" provision of Medicare, including studies and demonstrations of methods for determining medical necessity.
- Analyses of the cost-effectiveness of alternative methods of fraud and abuse detection.





## HEALTH SYSTEMS ORGANIZATION

Funds are available for projects that explore alternative approaches for delivering health care -- such as Health Maintenance Organizations (HMOs), expanded ambulatory services and modifications of the End-Stage Renal Disease (ESRD) Program. Some of the existing inefficient practices fail to provide Medicaid and Medicare patients with satisfactory access to health care services. The intent of projects in this area is to seek organizational and payment methods which reduce costs.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- Ways to introduce or increase competitive forces in health care delivery and assess their impact on costs and quality of care.
- The delivery of health care services for which the provider bears some financial risk.
- Analyses of alternative approaches to health care such as HMOs, and providing incentives for Medicare and Medicaid patients to join these organizations as well as to encourage HMOs to enroll these patients.
- The cost and quality of Medicare and Medicaid coverage for ambulatory services and for new categories of care such as free-standing radiation centers and kinds of preventive services.
- Evaluating the effectiveness of the ESRD Program and encouraging home dialysis.



## HOSPITAL COSTS

Funds are available for projects to develop economic knowledge about hospital reimbursement in order to respond to policy questions about changes in reimbursement systems. Funds are also available for projects which seek to understand how these systems can improve Federal and State third-party payment programs. In anticipation of broader Federal authority for controlling inflation in hospital costs, HCFA will support efforts to develop and compare alternative reimbursement systems.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- Defining the basic components of hospital costs and the factors influencing them, including examinations of variations in hospital costs and rates of inflation.
- Development of a hospital behavioral classification system in which institutions are grouped in terms of their similarity with respect to factors that affect their costs.
- Measurement of output and efficiency differences among hospitals, particularly as they relate to case severity.
- Examination of the direct and indirect effects of physicians' decisions on hospital costs.
- Studies of domestic or foreign efforts to control hospital costs and factors that contributed to the successes or failures of these efforts.

- Analyses of changes in operating costs due to capital investment for new capacity, modernization or new services and of the effects of alternative methods for reimbursing capital costs in hospitals.
- Development, testing and analyses of unique and innovative hospital data bases.
- Analyses of cost implications of hospital conversions, closures, and mergers.
- Analyses of cost implications of hospitals using shared support services and group purchasing arrangements.
- Attempts to better understand hospital volume adjustments for ratesetting and the effects of alternative hospital reimbursement approaches on the management of hospitals and on hospital cost structures.
- Analyses and evaluation of the cost-effectiveness of Medicare and Medicaid conditions of participation for hospitals.
- Analyses of area-wide approaches to the capital and operational financing of hospitals.

## INDUSTRIAL ORGANIZATION REIMBURSEMENT

Funds are available for projects which assess the effects of HCFA reimbursement policies on various industries in the health care sector, such as laboratories, durable medical equipment, drugs, and medical supplies. The products of these industries constitute a significant share of the medical care bill of the Nation. The purpose of this research will be to understand how HCFA policies affect the market structure and market performance of each industry.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- How HCFA reimbursement policies affect the market structure and market performance of each industry.
- Examination of the nature of the demand for each industry's output, measurement of the degree of market concentration and ascertainment of barriers to competition.
- Examination of market conduct with respect to advertising and promotion of products, research and development expenditures, pricing policies and profits.
- Examination of the relationship of industry suppliers to other providers in the health care sector, particularly with respect to pricing and utilization decisions.



## INTEGRATED DATA MANAGEMENT SYSTEMS

Funds are available for projects to develop, implement, test and evaluate alternative health data collection and processing systems. Such demonstrations are to test methods of collecting and processing cost, utilization, billing and discharge data. Among those models which are of interest are ones which integrate or link billing, discharge, utilization and cost data from health care providers (including hospitals, long term care providers, home health agencies, health maintenance organizations and other institutional providers).

Projects must include methods for maintaining confidentiality of billing, discharge and cost data in accordance with Federal regulations and law.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- The elimination of duplicative and overlapping reporting of billing, discharge, loss and utilization data by health care providers.
- The dissemination of necessary data to multiple users, including fiscal agents, State and local health planning and rate regulation agencies, Professional Standards Review Organizations, researchers and the Federal Government.
- The replacement of multiple paper transactions with automated processes, including telecommunication to transfer data, particularly billing and discharge data. Such systems should include the Uniform Hospital



Discharge Data Set (UHDDS) and a uniform billing data set for all third-party payers within a state, multi-state or other broad geopolitical areas.



## LONG TERM CARE

Funds are available for innovative projects in the area of long term and community-based care for the chronically ill, the frail elderly and the disabled. Emphasis will be on demonstrations of community or statewide systems for long term care that test new methods of financing services, reimbursing providers and practitioners, and controlling utilization and quality of services.

HCFA will support the efforts of local communities and State governments to develop comprehensive plans for long term care. Applications that are the result of, and an integral part of, a formalized local and/or statewide planning process will be of particular interest. In some cases, demonstrations in comprehensive long term care will be appropriate for joint funding by HCFA and the Administration on Aging. Applications submitted to both agencies should specify the dual nature of the project and the interface of activities to be funded.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

### Studies

- Economic and Reimbursement Analyses -- Included in this area would be economic analyses of the home health industry, such as comparisons among provider types; analyses of the influences of funding patterns on the availability and use of services; studies of the economics of the insurance industry regarding long term care, including analysis of current benefit packages; attitudes of

the insurance industry toward long term care; and, the possibilities for long term care in a risk-sharing industry.

- Patient Characteristics and Service Use --  
While there is a substantial amount of information available about patients in nursing homes, there is little information about residents of other long term care settings such as domiciliary care facilities. After an analysis of available data, it may be deemed necessary to conduct a survey of those facilities and their residents for the purpose of comparative analysis with nursing homes.

HCFA encourages projects which intend to do substantive analytic work with available data. Research questions to be addressed must be tailored to the data but should include such policy issues as patterns of use, types of clients, costs, provider characteristics, impact of current funding sources, etc. Finally, analyses of data sources that could contribute to planning and estimating the need for long term care services would be very useful.

- Analysis of the Role of Families in the Provision of Care --  
This area includes programs providing home-based care, and/or the relationship between family roles and publicly provided services.

### Demonstrations

- Organization and Delivery of Long Term Care Services --  
This area covers the management of services at the state or community level, including

management of services by providers, new configurations of service settings and management of the service needs of individuals. Such models for organizing and delivering services include: consolidated systems or vertically integrated systems, consisting of a single organizational entity for all services; coordination through control over assessment and reimbursement; and, a brokerage model whereby an organization attempts to aid the individual through guidance, referral and advocacy.

- Provision of Service Packages --  
HCFA seeks to learn more about the groups of services needed to prevent, delay or shorten institutionalization and the best sources of funding for such services. The objective here is to determine what packages of health and social services make the most difference and which of those services are most appropriately funded by the patient, private insurance, welfare-based programs or social insurance at the state or Federal level, rather than looking at adding single specific services to a benefit package. A related issue is whatever cash payments to individuals or families would be preferable to actual service provisions.
- Innovative Reimbursement Methods --  
Demonstrations in this category would test new ways to pay providers of services in order to promote cost-effectiveness and the development of added services in areas of identified need.
- Quality of Care --  
This area includes demonstrations which test the impact of changes in the current methods

of regulating quality of care in institutional and community settings. Development and testing of measures of quality of life and care actually provided rather than reliance on structural standards is one area of interest. In addition, alternative ways of assuring and enforcing quality of care standards could be tested.

- Financing --

HCFA is interested in participating in demonstration programs with private insurers or other risk-sharing entities such as health maintenance organizations for the purpose of designing, testing and costing out long term care benefits of various types. The objective of such projects would be to test thresholds of risk-sharing and to determine whether a health care benefit can be designed to include sufficient support services to maintain the aged and the disabled in the least restrictive, most cost-effective setting.

## PHYSICIAN REIMBURSEMENT

Funds are available for projects that study the effects of different payment systems for physician services. The physician is the central decision-maker in the delivery of health care, so the effect of their decisions permeates all aspects of the delivery of health service. The doctor prescribes treatment patterns, orders diagnostic and therapeutic services, admits patients to the hospital schedules, and performs surgery, etc. Therefore, the physician is indirectly responsible for a large amount of health care spending.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- Analyses of physician practice patterns, physician costs and prices, physician incomes, and physician productivity.
- Identification of factors affecting Medicare assignment and physician participation in the Medicaid Program as well as private insurance programs.
- Demonstration of the effects of reimbursement arrangements in which physicians bear some financial risks for services provided.
- Studies and demonstrations of alternative methods for the remuneration of teaching physicians, interns, residents, hospital-based physicians, emergency room physicians and renal physicians.
- Refinement of an economic index, analyses of the effects and implications of various fee



schedules and fee schedule negotiating systems, development of a uniform procedure terminology system and design of a relative value scale system according to various methodologies as well as validation of existing relative value scale systems.

- Testing and evaluating the effects of new methods or procedures of reimbursing physicians for the use of other services in other settings.

## QUALITY and EFFECTIVENESS

Funds are available for projects that examine the relationship between health services and the health of the population. This subject area is concerned with developing standards of care for beneficiaries of Federal programs. Methods are sought by which the quality of care can be assessed. In addition, the application of these methods to different types of providers and health care settings are needed.

HCFA is especially interested in supporting studies and demonstrations which deal with the following issues:

- Development of methods by which quality of care can be assessed and demonstration of these methods with different types of providers and health care settings.
- Analyses of variations in medical practice and the capacity to influence or modify this practice.
- Innovative methods for monitoring hospital inpatient and outpatient care using Professional Standards Review Organizations (PSROs) and other review mechanisms.
- Testing the feasibility of changes in case mix severity on PSRO outcomes and the impact of Medical Care Evaluations on changing medical care practice.
- The development of cost-benefit analyses to evaluate the effectiveness of second opinions in elective surgery, the variation in rates of surgery in different regions and the resulting effect on the patient's health.

- Innovative and cost-effective ways in which preventive care can be provided, including a package of preventive services that might be included in Medicare and Medicaid.
- Methods of evaluating preventive care.
- Analyses of medically based criteria to develop ambulatory care post-payment screens.









DEPARTMENT OF  
HEALTH, EDUCATION, AND WELFARE  
HEALTH CARE FINANCING ADMINISTRATION  
WASHINGTON, D. C. 20201

OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300

